

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Sericulture Department – Demands of Silk Reelers and Farmers in Andhra Pradesh –Permission accorded for payment of certain Incentives to Reelers and Farmers for Development of Sericulture in Andhra Pradesh – Orders – Issued.

AGRICULTURE & COOPERATION (SERICULTURE) DEPARTMENT

G.O.Ms.No**154**.

Date: **21-06-2008**

Read the following:-

1. Representation dated Nil of the Silk Reelers Welfare Association, Hindupur, and Anantapur District.
2. Govt. Memo No.5206/Seri.II/2008 -1 dated 17.4.2008
3. Commr.of Sericulture, A.P. Hyderabad, Lr. Rc.No. 1295/008/TM5 dated 16.5.2008.

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ORDER:

The Silk Reelers' Welfare Association, Hindupur, in their representation read above, have requested Government to take necessary steps for opening of the closed reeling units and also to announce certain incentives for the welfare of Silk Reelers in the purchase of Cocoons and sale of silk, by providing marketing facilities.

2. The Commissioner of Sericulture, A.P. Hyderabad, vide reference 3rd cited has examined the demands and submitted the following proposals to meet the demands of Silk Reelers' Association and for the Development of Sericulture in Andhra Pradesh:

- To provide an incentive amount of Rs. 30/- per kg for silk produced on Charka / Motorized Charkas/ Backend Italian Modal Charka/ Cottage Basin.
- To provide 90% subsidy on conversion of charka / motorized charka to back-end Italian model reeling machinery.
- To enhance incentive amount from Rs.50 to Rs. 80/- per kg for multi-voltine silk and from Rs. 100 to Rs.130/- per kg for Bivoltine silk.
- To implement the pledge system by SERIFED by enhancing pledge amount from present 50% to 60% of the value of the silk on 10% interest per annum based on the prevailing market rate on pledged silk.
- To increase the interest subsidy to Silk Reelers from 50% to 75%
- To implement Pavala Vaddi scheme (i.e., interest @ Rs.0.25) for the benefit of silk reelers for the loans sanctioned for reeling shed, reeling machinery and working capital.

- To provide subsidy to the extent of 50% of cost on the proposed cost of sheds as detailed below:

a. CHARKA / MOTORIZED TWIN CHARKA

- i. No of sheds proposed : 50 (Fifty)
- ii. Cost of shed (150 Sq Ft) : Rs.18,750/- (Rupees eighteen thousand seven hundred and fifty)
- iii. Subsidy (50%) : Rs.9,375/- (Rupees nine thousand three hundred and seventy five)
- iv. Subsidy amount required : Rs.4.69 Lakhs (Rupees four lakhs sixty nine (50 x 9375) thousand)

b. Italian model back-end reeling:

- I. No of sheds proposed : 50 (Fifty)
- ii. Cost of shed (300 Sq Ft) : Rs.40,000/- (Rupees forty thousand)
- iii. Subsidy (50%) : Rs.20,000/- (Rupees twenty thousand)
- iv. Subsidy amount required : Rs.10.00 Lakhs (Rupees ten lakhs)
(50 x 20,000)

c. 6/10 Basin improved cottage basin reeling

- i. No of sheds proposed : 50 (Fifty)
- ii. Cost of shed (150 Sq Ft) : Rs.18,750/- (Rupees eighteen thousand seven hundred fifty)
- iii. Subsidy (50%) : Rs.9,375/- (Rupees nine thousand three hundred and seventy five)
- iv. Subsidy amount required : Rs.4.69 Lakhs (Rupees four lakhs sixty nine (50 x 9375) thousand)

d. Italian model back-end reeling:

- i. No of sheds proposed : 50 (Fifty)
- ii. Cost of shed (300 Sq Ft) : Rs.40,000/- (Rupees forty thousand)
- iii. Subsidy (50%) : Rs.20,000/- (Rupees twenty thousand)
- iv. Subsidy amount required : Rs.10.00 Lakhs (Rupees ten lakhs)
(50 x 20,000)

e. 6/10 Basin improved cottage basin reeling

- i. No of sheds proposed : 25 (Twenty five only)
- ii. Cost of shed (800 Sq Ft) : Rs.1,00,000/- (Rupees one lakh)
- iii. Subsidy (50%) : Rs.50,000/- (Rupees fifty thousand)
- iv. Subsidy amount required : Rs.12.50 Lakhs (Rupees twelve lakhs fifty (25 x 50,000) thousand)

f. 6/10 Basin improved multi-end basin reeling

- i. No of sheds proposed : 50 (Fifty)
- ii. Cost of shed (800 Sq Ft) : Rs.1,00,000/- (Rupees one lakh)
- iii. Subsidy (50%) : Rs.50,000/- (Rupees fifty thousand)
- iv. Subsidy amount required : Rs.25.00 Lakhs (Rupees twenty five lakhs)
(50 x 50,000)

- To extend Health Insurance Scheme for the Reelers on the lines of Rajiv Arogya Sree Scheme.
 - To provide an incentive amount of Rs.40/- (Rupees forty) on each kg of Bivoltine hybrid cocoons transacted in AP cocoon markets in order to encourage Bivoltine silk (white silk) production in the State to compete in the International market. It is felt that such an incentive is necessary keeping in view the fact that price of cocoons has almost remained stagnant for last over one decade, on account of illegal import of Chinese silk at cheap prices.
 - To implement Support Price of Rs.120/- (Rupees one hundred and twenty) per kg to the Multi-voltine cocoon producers (i.e. yellow cocoons) till such time a software is developed on arriving the Rolling average price of cocoons on each day . Rs.120/- (Rupees one hundred and twenty per kg has been fixed as adhoc amount, but it is also proposed that Rolling average price of cocoon per kg for the entire State will be worked out. If on any day the farmer is compelled to sell at a price lesser than the Rolling Average price on the penultimate day the difference between the selling price on that day and the Rolling Average price on the previous day will be paid to that farmer subject to a limit of Rs.20/- (Rupees twenty) per kg.
 - Transferring the “Silk Weavers Co-op societies” from the Department of Handlooms & Textiles” to Sericulture Department, and
 - Procurement of silk cloth for the Temples etc from the Serified.
4. Government have carefully examined the above proposals of the Commissioner of Sericulture and issue the following orders which will come into force with immediate effect::

Sl. No.	Proposals	Decision
1.	Payment of Rs.10/-(Rupees ten) per Kg.of reeling cocoons purchased by reelers from 1990 to 2000 in the Govt.Cocoon Markets of A.P.	It has been agreed to provide an incentive amount of Rs. 30/- (Rupees thirty) per kg for silk produced on Charka / Motorized Charkas/ Backend Italian Modal Charka/ Cottage Basin. An amount of <u>Rs.105.00 lakhs (Rupees one crore five lakhs)</u> is required to cover the functional 396 charka units for 351 MTs of raw silk units. This is a new scheme and it is decided to meet the expenditure form the Budget available with the Department.
2.	Enhancement of subsidy to 90% on conversion of charka/motorized charka to back-end Italian model Reeling machinery.	Proposal to provide 90% subsidy is agreed to. During 2008-09, 75 units are proposed to be converted to back-end Italian Model Reeling Machinery with an outlay of Rs.46.57 lakhs (Rupees forty six lakhs fifty seven thousand). This is also a new scheme and it is decided to meet it from the unspent balances of Rs.1,23,00,000 (Rupees one crore twenty three lakhs) available under the Sericulture Development Fund which is meant for promotion of Non-farm sector and other missing linkages. This is a State-sponsored scheme.

3.	Enhancement of incentive on silk produced on multi end silk reeling machinery.	It has been agreed to enhance incentive amount from Rs.50 (Rupees fifty) to Rs. 80/- (Rupees eighty) per kg for multi-voltine silk and from Rs. 100 (Rupees one hundred) to Rs.130/-(Rupees one hundred and thirty) per kg for Bivoltine silk. It is agreed to extend the incentive on multi-voltine for a period of 5 years from the date of commencement instead of two years hitherto. The approximate requirement of funds is Rs.83.00 lakhs (Rupees eighty three lakhs) . This is an on-going Centrally Sponsored and state plan scheme. Rs.52.00 lakhs (Rupees fifty two lakhs) is already approved and the additional amount of Rs.31.00 lakhs (Rupees thirty one lakhs) is required for this scheme which is to be met from state plan under grants-in-aid budget of 2008-09 including unspent balances.
.4.	Pledge scheme	Presently Serifed is implementing the pledge system. The proposal to enhance the amount from the present 50% to 60% of the value of the silk on 10% interest per annum based on the prevailing market rate on pledged silk is agreed to. It is also agreed to follow the Pavala vaddi scheme (i.e.,interest @ Rs.0.25) on interest charged. The difference of 7% will be reimbursed by the Department to Serifed. This is a new scheme and Rs.2.00 lakhs (Rupees two lakhs) only is approximately required, which is proposed to be met from the grants-in-aid budget 2008-09 available under Sericulture Development Fund.
5.	To increase the interest subsidy to silk reelers from 50% to 75%..	The proposal to implement Pavala Vaddi scheme (i.e.,interest @ Rs.0.25) for the benefit of silk reelers for the loans sanctioned for reeling shed, reeling machinery and working capital is agreed to. An expenditure of Rs.20.00 lakhs (Rupees twenty lakhs) per year is required to be incurred on this scheme to meet 50% interest subsidy. Now interest subsidy is proposed to be enhanced to 75%. This is on-going scheme and the additional amount of Rs.15.00 lakhs (Rupees fifteen lakhs) is proposed to be met from unspent amount of Sericulture Development Fund which is meant for promotion of non-farm sector.
6.	Providing of assistance for construction of reeling sheds by silk reelers.	It has been agreed to provide subsidy to the extent of 50% of cost on the proposed cost of sheds as detailed below: <u>a.CHARKA / MOTORIZED TWIN CHARKA</u> i. No of sheds proposed : 50 (Fifty) ii. Cost of shed (150 Sq Ft) :Rs.18,750/- iii. Subsidy (50%) : Rs.9,375/- iv. Iv.Subsidy amount required : Rs.4.69 Laks (50 x 9375)

		<p><u>b. Italian model back-end reeling:</u></p> <p>i. No of sheds proposed : 50 (Fifty)</p> <p>ii. Cost of shed (300 Sq Ft) : Rs.40,000/-</p> <p>iii. Subsidy (50%) : Rs.20,000/-</p> <p>iv. Subsidy amount required: Rs.10.00 Lakhs (50 x 20,000)</p> <p><u>c. 6/10 basin improved cottage basin reeling</u></p> <p>i. No of sheds proposed : 25 (Twenty Five)</p> <p>ii. Cost of shed (800 Sq Ft) : Rs.1,00,000</p> <p>iii. Subsidy (50%) : Rs. 50,000</p> <p>iv. Subsidy amount required : Rs.12.50 lakhs (25 x 50,000)</p> <p><u>d. 6/10 Italian improved multi-end reeling:</u></p> <p>i. No of sheds proposed : 50 (Fifty)</p> <p>ii. Cost of shed (800 Sq Ft) : Rs.1,00,000</p> <p>iii. Subsidy (50%) : Rs.50,000/-</p> <p>iv. Subsidy amount required : Rs.25.00 lakhs (50 x 50,000)</p> <p><u>The total subsidy requirement is Rs.52.19 laks (Rupees fifty two lakhs and nineteen thousand)</u></p> <p>This is a new scheme and required amount is going to be met from unspent balances available under Sericulture Development Fund of Sericulture Development Fund which is meant for promotion of non-farm sector.</p>
7.	Extension of health benefit schemes to silk rellers	It is agreed to extend Health Insurance Scheme for the Reelers on the lines of Rajiv Arogya Sree Scheme. It is suggested to discuss with the Insurance Companies and come of with a proposal to Government in this regard.

4. In addition to the above, the following decisions were also taken:

(a) It is agreed to provide an incentive amount of Rs.40/- (Rupees forty) on each kg of Bivoltine hybrid cocoons transacted in AP cocoon markets to encourage Bivoltine silk (white silk) production in the state to compete in the International market. It is felt that such an incentive is necessary keeping in view the fact that price of cocoons has almost remained stagnant for last over one decade, on account of illegal import of Chinese silk at cheap prices. This is a new scheme and required budget is available under plan-2008-09.

(b) It is agreed to implement Support Price of Rs.120/- (Rupees one hundred twenty) only per kg for the Multi-voltine cocoon producers (i.e. yellow cocoons) till such time a software is developed on arriving the Rolling average price of cocoons on each day. Rs.120/- per kg has been fixed as adhoc amount but it is also proposed that Rolling average price of cocoon per kg for the entire State will be worked out. If on any day the farmer is compelled to sell at a price less than the Rolling Average price on the penultimate day, the difference between the selling price on that day and the Rolling Average price on the previous day, will be paid to that farmer subject to a limit of Rs.20/- per kg. This is a new scheme and it is proposed to be met from the annual plan 2008-09 and available unspent amounts under SDF / plan.

(c) It is agreed for procurement of silk cloth for the Temples etc from the Serified.

5. The Commissioner of Sericulture is requested to give effect to the above orders by utilizing the funds provided in the Budget Estimates 2008-2009 to the Commissioner

of Sericulture. The Commissioner of Sericulture is also requested to provide necessary budget for these schemes from the Financial Year 2009-10 onwards.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR.S.CHELLAPPA,
APC & PRINCIPAL SECRETARY TO GOVERNMENT, ATM

To

The Commissioner of Sericulture, A.P. Hyderabad.

The Managing Director, Serified, A.P.Hyderabad.

Copy to:

The P.S. to Spl. Secretary to Hon'ble Chief Minister.

P.S.to Hon'ble Minister for Agri, Seri, Horticulture, RSAD.

The President, Silk Reelers Welfare Association, Shop No.1, Silk Reelers Shopping Complex,
RTC Colony, Near Govt.Cocoon Market, Hindupur, Anantapur District.

P.S. to APC & Prl.Secretary to Govt.ATM, A& C Department.

Finance (Expr.A&C) Department.

S.C/S.F.

:: FORWARDED :: BY ORDER ::

SECTION OFFICER.